

PENNSYLVANIA DEPARTMENT OF THE AUDITOR GENERAL

 Pennsylvania Auditor General  PaAuditorGen  Pennsylvania Auditor General



News for Immediate Release

June 9, 2023

ICYMI: Auditor General DeFoor Warned Nearly 22 Percent of Municipal Pension Plans are in Distress; Reminded Local Governments to Make Required Contributions

HARRISBURG – On June 5, 2023, Auditor General Timothy DeFoor issued a warning for municipalities to make the required contributions to their pension plans, after a [recent report](#) from the department showed 22 percent of municipal pension plans are in some state of distress.

Municipal pension plans are considered in some state of distress if they are less than 90 percent funded. Categories of distress include:

- Minimal distress- the municipal pension plan is funded 70-89%
- Moderate distress- the municipal pension plan is funded 50-69%
- Severe distress- the municipal pension plan is funded less than 50%

View more at <https://pacast.com/m?p=23192>

Take a look at the statewide coverage below:

PennWatch: PA Auditor General Warns Nearly 22 Percent of Municipal Pension Plans are in Distress
<https://pennwatch.org/pa-auditor-general-warns-nearly-22-percent-of-municipal-pension-plans-are-in-distress/>

“Auditor General Timothy L. DeFoor issued a warning for municipalities to make the required contributions to their pension plans, after a [recent report](#) from the department showed 22 percent of municipal pension plans are in some state of distress. “Municipal pension plans help us take care of the people who are taking care of us, like police officers, firefighters, and non-uniform employees who after a long stellar career want to retire,” Auditor General DeFoor said. “It is our obligation to make sure these pension plans are in good enough shape so they can retire.”

Fox 56 News: Municipal pension plans in distress <https://fox56.com/news/local/municipal-pension-plans-in-distress>

“Auditor General Timothy DeFoor is issuing a warning for municipalities to make the required contributions to their pension plans. A new report shows that 22% of municipal pension plans are in distress. Defoor states that those who fail to make a contribution to their pension plans could result in high taxes and difficult choices in funding community projects, “One in five pension plans in the Commonwealth is under some form of distress and while we provide some funding to some of these

pension plans it's going to be up to these local municipalities to cover the rest if they continue down the path that they're going."

Pennsylvania Capital Star: Nearly 22% of Pa.'s municipal pension plans are in distress

<https://www.penncapital-star.com/government-politics/report-nearly-22-of-pa-s-municipal-pension-plans-are-in-distress-tuesday-morning-coffee/>

"Some 22% of Pennsylvania's municipal pension plans statewide are in some form of financial distress, the state's elected fiscal watchdog said Monday, warning local governments that they're legally obligated to properly fund the accounts. But the good news is that the number of distressed pension plans has dipped since 2020, thanks to a one-time injection of federal pandemic aid, state Auditor General Tim DeFoor's office said."

ErieNewsNow: Pennsylvania Auditor General Warns Nearly 22% of Municipal Pension Plans are in Distress <https://www.erienewsnow.com/story/49035301/pennsylvania-auditor-general-warns-nearly-22-of-municipal-pension-plans-are-in-distress>

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WENYnews: Pennsylvania Auditor General Warns Nearly 22% of Municipal Pension Plans are in Distress <https://www.weny.com/story/49035301/pennsylvania-auditor-general-warns-nearly-22-of-municipal-pension-plans-are-in-distress>

"Auditor General Timothy DeFoor issued a warning for municipalities to make the required contributions to their pension plans. DeFoor made the announced after a recent report from the department showed 22 percent of municipal pension plans are in some state of distress."

BradfordEra: Port Allegany's pension plan distressed, DeFoor's office says

<https://www.erienewsnow.com/story/49035301/pennsylvania-auditor-general-warns-nearly-22-of-municipal-pension-plans-are-in-distress>

"According to DeFoor's report, Port Allegany Borough's is the only municipal pension plan in McKean County that is distressed. Mount Jewett Borough's pension plan appears to be in the best shape of any in the county, with assets of \$538,376 and liabilities of \$177,728, for a ratio of 303. In Bradford City, the assets in the municipal pension plan are listed at \$31,838,668; the liabilities at \$31,778,223; the fund ratio is 100 and the score is zero."

BCTV: Auditor General: Nearly 22 Percent of PA Municipal Pension Plans are in

Distress <https://www.bctv.org/2023/06/07/auditor-general-nearly-22-percent-of-pa-municipal-pension-plans-are-in-distress/>

"State aid for municipal pension plans is generated by a two percent tax on fire and casualty insurance policies sold in Pennsylvania by out-of-state companies. In 2022, the Department of the Auditor General distributed a total of \$329 million in aid to 1,453 municipalities and regional departments to support pension plans covering police officers, paid firefighters and non-uniformed employees. The department is required by law to audit municipal pension plans and volunteer fire relief associations (VFRAs) that receive state aid from the department; liquid fuels tax usage by municipalities; and various county offices and other state government entities."

ExploreJefferson: Auditor General DeFoar Warns Nearly 22 Percent of Municipal Pension Plans are in Distress; Reminds Local Governments to Make Required Contributions

<https://www.explorejeffersonpa.com/auditor-general-defoor-warns-nearly-22-percent-of-municipal-pension-plans-are-in-distress-reminds-local-governments-to-make-required-contributions/>

“Auditor General DeFoar warned that municipalities are legally obligated to make their required contributions to their pension plans. If they do not, he said, the burden will fall to the taxpayers in the form of higher taxes or difficult choices in funding community projects and personnel. Municipal pension plans are considered in some state of distress if they are less than 90 percent funded.”

WSEB: Port Allegany Pension Plan “Moderately Distressed” https://wesb.com/2023/06/05/port-allegany-pension-plan-moderately-distressed/?sc_ref=wesb.com

“The report from the Auditor-General’s office found the Port Allegany Borough pension plan to be “moderately distressed” with assets of just over \$2.3 million and liabilities of just over \$3.4 million. All other municipal pension plans in McKean County were considered “not distressed” with funds sufficient to meet more than 90% of expected liabilities.”

LeaderTimes: Auditor General DeFoar to state municipalities: Make required contributions to pension plans https://www.leadertimes.com/news/auditor-general-defoor-to-state-municipalities-make-required-contributions-to-pension-plans/article_6a70ca8c-03e4-11ee-a657-43963caf6e3c.html

“Having more in liabilities than assets did not necessarily mean a distressed status — Kittanning Borough is listed as not distressed though its assets of \$9,501,439 were outnumbered by liabilities totaling \$9,642,696. Also “not distressed” on DeFoar’s list were Bethel Township, Ford City (with \$2,426,654 in assets, \$2,198,880 in liabilities), as well as Ford City Borough Municipal Authority, Freeport (\$1,605,462 in assets, \$1,206,291 in liabilities), Gilpin Township, Parker Area Authority, Parks Township Municipal Authority, and Sugarcreek, Valley and Washington townships.”

MyChesCo: Pension Plans in Peril: Auditor General Urges Municipalities to Act

Now <https://www.mychesco.com/a/news/regional/pension-plans-in-peril-auditor-general-urges-municipalities-to-act-now/>

“Auditor General Timothy L. DeFoar has cautioned municipalities to make their mandated contributions to their pension funds after a [recent report](#) showed that 22% of such plans are facing problems. Although the number of such plans has decreased since 2020 owing to the one-time infusion of funds from the government, DeFoar cautioned, municipalities must begin preparing to protect their pension funds now.”

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